



Amy G. Rabinowitz
Counsel

March 24, 2004

Mary L. Cottrell, Secretary
Dept. of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

**Re: D.T.E. Docket 99-60, Investigation by the Department of
Telecommunications and Energy on its own Motion into the Pricing and
Procurement of Default Service Pursuant to G.L. c. 164, § 1B(d).**

Dear Secretary Cottrell:

Pursuant to the Department's June 30, 2000 order in D.T.E. 99-60-B, Massachusetts Electric Company and Nantucket Electric Company (collectively, the "Companies") are submitting the results of the Companies' most recent solicitation for Default Service and proposed retail rates for the Default Service pricing options resulting from the solicitation for the service period beginning May 1, 2004. In general, the proposed Default Service rates represent an increase from the respective Default Service rates currently in effect. I am also enclosing a motion for confidential treatment of the Company's analysis of the default service bids and selected Power Supply Agreements, and am providing the confidential analysis and selected Power Supply Agreements themselves directly to Hearing Officer Jeanne Voveris.

The Companies' current solicitation for Default Service and resulting proposed rates comply with several recent Department orders in D.T.E. 02-40. In compliance with the Department's February 13, 2003 order in D.T.E. 02-40-A, the Companies requested Default Service bids for each of the three Reliability Zones ("Zones"), defined by ISO New England, in which the Companies provide Default Service. As discussed below, the Companies are proposing Default Service rates that are uniform for all residential and commercial Default Service customers across all Zones, and Default Service rates that differ by Zone for all industrial customers.

Additionally, the Companies are implementing the directives in the Department's April 24, 2003 order in D.T.E. 02-40-B. In this order, the Department directed the Companies to acquire fifty percent of their residential and commercial Default Service supply for a twelve month period every six months. Accordingly, the Companies have procured 100% of their residential and commercial Default Service supply for the six month period May 2004 through October 2004 and fifty percent of their residential and commercial Default Service supply for the

following six month period November 2004 through April 2005. The residential and commercial Default Service rates proposed by the Companies in this filing relate solely to the period May 2004 through October 2004.

In its September 11, 2003 order in D.T.E. 02-40-C, the Department required the Companies to procure industrial Default Service supply on a quarterly basis. Therefore, the Companies solicited Default Service supply for the three-month period May 2004 through July 2004, and the industrial Default Service rates proposed in this filing are for this quarterly period.

On February 13, 2004, the Companies issued a Request for Power Supply Proposal ("RFP") to supply the Companies' Default Service needs. For the residential and commercial customer groups, this procurement covered fifty percent of the Companies' Default Service supply needs for the period May 2004 through October 2004, and fifty percent of the Companies' Default Service supply needs for the period November 2004 through April 2005. For the industrial customer group, this procurement covered the Companies' entire Default Service supply needs for the period May 2004 through July 2004. The RFP sought fixed price proposals, which could vary by calendar month, for the residential customer group, commercial customer group, and industrial customer group. Additionally, bidders were required to provide Zone-specific bids for these three customer groups for each of the three Zones in which the Companies provide Default Service. The retail Default Service prices for the periods May 2004 through October 2004 for residential and commercial Default Service and May 2004 through July 2004 for industrial Default Service resulting from the winning bids are contained in Attachment 1 to this letter. This RFP also requested bids to supply Standard Offer Service, as approved by the Department on March 10, 2004. For Standard Offer Service, this procurement covered fifty percent of the Companies' residential and commercial Standard Offer Service supply needs for the period January 2005 through February 2005.

Consistent with the Companies' Default Service prices currently in effect, the proposed Default Service rates included in this filing include an estimate of the costs associated with the Companies' compliance with the Massachusetts Renewable Portfolio Standards ("RPS") that became effective on January 1, 2003. As set forth in the confidential analysis, the Companies are procuring RPS compliant certificates for the majority of their Default Service load as part of this Default Service solicitation. A portion of the Companies' Default Service procurement does not include the purchase of RPS compliance certificates. In the past, the Department has preferred to include in Default Service rates a level of RPS that was indicative of the market for RPS. Therefore, the Companies have included in their Default Service rates the average value of RPS included in the winning bids for the entire Default Service load RPS obligation. The Companies believe that the RPS procurement cost for the majority of its Default Service load is a reasonable proxy for the total Default Service load covered by this solicitation.

In past procurements the Companies have sought pricing that included all commodity market and ancillary charges associated with the services. As a result of the proposed change in

the capacity market rules by ISO New England,¹ the Companies asked bidders to provide proposals that included and excluded capacity market costs. The Companies were concerned, however, that accepting proposals which included capacity market costs could result in rates that included significant cost premiums given the uncertainty of the final capacity market rules that may be accepted by the Federal Energy Regulatory Commission. As with the Companies' other contracts for supply, these contracts require that the suppliers satisfy the capacity requirements. In the Companies' previous contracts for supply, capacity costs were included in the price of the Delivered Energy. In these contracts, the Delivered Energy price does not include capacity costs; the Companies will reimburse the suppliers for their actual costs to satisfy the capacity obligation, subject to a market cap. In order to include capacity market costs in the proposed rates, the Companies included estimated capacity market costs based on the average capacity market costs the bidders provided. Page 3 of Attachment 1 includes the values used by the Companies for capacity market costs. The Companies will true-up any over or under collection of these costs in future reconciliation filings.

Attachment 2 contains the Companies' calculation of the Default Service rates for the six-month fixed price option for the residential and commercial customer groups, and the three-month fixed price option for the industrial customer group. A calculation of the monthly weighted-average Default Service rate for the Variable Price Option for the residential and commercial customer groups is shown on pages 7 and 8. Because bids for these two groups were obtained by Zone, the Companies calculated a monthly weighted-average rate across the three Zones in order to arrive at one Default Service rate per month. These six monthly weighted-average Default Service rates then become the basis for the proposed rate for the Fixed Price Option. This calculation is not necessary for the industrial customer group, whose Default Service rate is unique for each Zone. Attachment 3 includes the revised tariff supplement to the Companies' Tariff for Default Service², containing the proposed fixed and variable Default Service rates for the periods May 2004 through October 2004 for the residential and commercial customer groups and May 2004 through July 2004 for the industrial customer group. The Companies are proposing that these rates become effective for usage on and after May 1, 2004.

As noted above, this procurement covers fifty percent of the residential and commercial Default Service supply needs for the period November 2004 through April 2005. Due to prospective bidders' uncertainty about legislation addressing the end of the Standard Offer period, the contracts under which suppliers agreed to provide Default Service supply beyond February 2005 include a provision that, in general, requires the Companies to compensate the suppliers for the effect of a change in the law that affects the suppliers' rights and obligations to provide supply for customers that otherwise would have become Default Service customers but did not because of the change in law. I am providing these contracts directly to Hearing Officer Jeanne Voveris, and have addressed the need for confidential treatment of them in the attached motion for confidential treatment.

¹ March 1, 2004 filing by ISO New England in FERC Docket No. ER03-563-030.

² Both Companies' Tariff for Default Service is M.D.T.E. No. 1041.

Mary L. Cottrell
March 24, 2004
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Thank you very much for your time and attention to the Companies' filing.

Very truly yours,

A handwritten signature in black ink, appearing to read "Amy G. Rabinowitz". The signature is fluid and cursive, with the first name "Amy" being more prominent.

Amy G. Rabinowitz

cc: DTE 99-60 Service List

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Investigation by the Department of)	
Telecommunications and Energy on its)	
own motion into the Pricing and)	D.T.E. 99-60
Procurement of Default Service)	
Pursuant to G.L. c. 164, §1B(d))	

**Motion of Massachusetts Electric Company and Nantucket Electric Company
for Confidential Treatment**

Pursuant to Mass. Gen. Laws c. 25, §5D, Massachusetts Electric Company and Nantucket Electric Company (collectively "Companies") hereby move for confidential treatment of (1) the analysis of default service and standard offer bids that the Companies received in response to its Request for Power Supply Proposal ("RFP") requesting bids for the period May 1, 2004 through April 30, 2005 and (2) two supply contracts that the Companies entered into for residential and commercial Default Service supply needs for the period November 1, 2004 through April 30, 2005.

The data contained in the rankings constitutes sensitive proprietary information. Protecting this information from public disclosure is in the public interest because disclosure would make public all of the competitive bids received in the RFP process. Although participants understood that the resulting rates would be tied to the Companies' supply contract prices, the disclosure of all of the competing bids could have adverse competitive effects on future bids for default service, not only for the Companies, but also for other utilities in the state that will need to seek bids for default service. Similarly, the exact terms under which the Companies agreed to purchase residential and commercial default service supply needs for the period November 1, 2004 through April 30, 2005 are sensitive proprietary information. The disclosure of the two supply contracts could have adverse competitive effects on future bids and contracts for default service, not only for the Companies, but also for other utilities in the state that will need to seek bids and enter into contracts for default service.

Respectfully submitted,
MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY
By their attorney,

Amy G. Rabinowitz
25 Research Drive
Westboro, MA 01582

Dated: March 24, 2004

CERTIFICATE OF SERVICE

I hereby certify that on March 24, 2004, 2004, I served a copy of the Motion of Massachusetts Electric Company and Nantucket Electric Company for Confidential Treatment on the Service List in D.T.E. 99-60 by personal delivery or first class mail.

Signed under the pains and penalties of perjury

Amy G. Rabinowitz
Attorney for Massachusetts Electric Company and
Nantucket Electric Company

Dated: March 24, 2004

MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY
Docket D.T.E. 99-60

ATTACHMENT 1

**Massachusetts Electric Company
Nantucket Electric Company**

**Default Service Prices (cents per kWh at retail)
Residential & Commercial: May 2004 - October 2004
Industrial: May 2004 - July 2004**

Power Supply, RPS and Locational ICAP

Customer Group	Contract Month Calendar Month Year	1	2	3	4	5	6
		5	6	7	8	9	10
		2004	2004	2004	2004	2004	2004
Residential	SEMA	5.378	5.820	6.452	6.491	5.697	5.483
	WCMA	5.258	5.832	6.205	6.299	5.727	5.680
	NEMA	5.915	6.352	6.884	6.858	6.280	5.894
	Portion of load served	100%	100%	100%	100%	100%	100%
Commercial	SEMA	5.347	5.980	6.465	6.508	5.753	5.590
	WCMA	5.451	6.120	6.649	6.729	5.929	5.756
	NEMA	5.966	6.694	7.364	7.411	6.430	5.904
	Portion of load served	100%	100%	100%	100%	100%	100%
Industrial	SEMA	5.991	6.644	7.117	n/a	n/a	n/a
	WCMA	6.259	6.922	7.557	n/a	n/a	n/a
	NEMA	6.414	7.172	7.813	n/a	n/a	n/a
	Portion of load served	100%	100%	100%	n/a	n/a	n/a

Footnotes

1) Monthly prices calculated as the sum of the average cost of supply (converted to retail delivery) per Page 2 and provided in a confidential submission under separate cover plus the average estimated cost of LICAP (converted to retail delivery) per Page 3 and provided in a confidential submission under separate cover).

**Massachusetts Electric Company
Nantucket Electric Company**

**Default Service Prices (cents per kWh at retail)
Residential & Commercial: May 2004 - October 2004
Industrial: May 2004 - July 2004**

Power Supply and RPS Component

Customer Group	Contract Month	1	2	3	4	5	6
	Calendar Month	5	6	7	8	9	10
	Year	2004	2004	2004	2004	2004	2004
Residential	SEMA	5.322	5.694	6.348	6.386	5.573	5.354
	WCMA	5.202	5.707	6.100	6.194	5.604	5.552
	NEMA	5.784	6.164	6.722	6.701	6.082	5.686
	Portion of load served	100%	100%	100%	100%	100%	100%
Commercial	SEMA	5.291	5.854	6.361	6.403	5.629	5.461
	WCMA	5.395	5.995	6.544	6.624	5.806	5.628
	NEMA	5.835	6.506	7.202	7.254	6.232	5.696
	Portion of load served	100%	100%	100%	100%	100%	100%
Industrial	SEMA	5.878	6.391	6.909	n/a	n/a	n/a
	WCMA	6.146	6.672	7.346	n/a	n/a	n/a
	NEMA	6.151	6.795	7.489	n/a	n/a	n/a
	Portion of load served	100%	100%	100%	n/a	n/a	n/a

Footnotes

1) Monthly prices calculated as the average cost of supply (converted to retail delivery) in a confidential submission under separate cover.

**Massachusetts Electric Company
Nantucket Electric Company**

**Default Service Prices (cents per kWh at retail)
Residential & Commercial: May 2004 - October 2004
Industrial: May 2004 - July 2004**

Component for Estimated Locational ICAP

Customer Group	Contract Month	1	2	3	4	5	6
	Calendar Month	5	6	7	8	9	10
	Year	2004	2004	2004	2004	2004	2004
Residential							
	SEMA	0.056	0.126	0.104	0.105	0.124	0.129
	WCMA	0.056	0.125	0.105	0.105	0.123	0.128
	NEMA	0.131	0.188	0.162	0.157	0.198	0.208
	Portion of load served	50%	50%	50%	50%	50%	50%
Commercial							
	SEMA	0.056	0.126	0.104	0.105	0.124	0.129
	WCMA	0.056	0.125	0.105	0.105	0.123	0.128
	NEMA	0.131	0.188	0.162	0.157	0.198	0.208
	Portion of load served	50%	50%	50%	50%	50%	50%
Industrial							
	SEMA	0.113	0.253	0.208	n/a	n/a	n/a
	WCMA	0.113	0.250	0.211	n/a	n/a	n/a
	NEMA	0.263	0.377	0.324	n/a	n/a	n/a
	Portion of load served	100%	100%	100%	n/a	n/a	n/a

Footnotes

1) Monthly prices calculated as the average estimated cost of LICAP (converted to retail delivery) in a confidential submission under separate cover.

1) LICAP estimate is the same for all customer groups.

MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY
Docket D.T.E. 99-60

ATTACHMENT 2

**Massachusetts Electric Company
Nantucket Electric Company**
Summary of Proposed Default Service Charges
May 2004 - October 2004

		Zonal Default Service Charges					
		Residential	Commercial	NEMA	SEMA	WCMA	
		(R-1, R-2, R-4, E)	(G-1)	Industrial	Industrial	Industrial	Commercial
		(a)	(b)	(G-2, G-3)	(G-2, G-3)	(G-2, G-3)	(Streetlights)
				(c)	(d)	(e)	(f)
<u>Section 1: Variable Default Service Charges, ¢/kWh</u>							
(1)	May 2004	5.465	5.554	6.414	5.991	6.259	5.554
(2)	June 2004	5.962	6.227	7.172	6.644	6.922	6.227
(3)	July 2004	6.458	6.779	7.813	7.117	7.557	6.779
(4)	Augusst 2004	6.504	6.839	n/a	n/a	n/a	6.839
(5)	Septembr 2004	5.860	6.006	n/a	n/a	n/a	6.006
(6)	October 2004	5.673	5.744	n/a	n/a	n/a	5.744
<u>Section 2: Fixed Default Service Charge, ¢/kWh</u>							
(7)	May 2004 - October 2004	6.018	6.221				6.221
	May 2004 - July 2004			7.155	6.602	6.933	

(1)	R-1,R-2,R-4: Page 2, Line (8), Column (a) G-1: Page 3, Line (8), Column (a) NEMA G-2,G-3: Page 4, Line (8), Column (a) SEMA G-2,G-3: Page 5, Line (8), Column (a) WCMA G-2,G-3: Page 6, Line (8), Column (a) Streetlights: Page 3, Line (8), Column (a)	(5)	R-1,R-2,R-4: Page 2, Line (8), Column (e) G-1: Page 3, Line (8), Column (e) NEMA G-2,G-3: Page 4, Line (8), Column (e) SEMA G-2,G-3: Page 5, Line (8), Column (e) WCMA G-2,G-3: Page 6, Line (8), Column (e) Streetlights: Page 3, Line (8), Column (e)
(2)	R-1,R-2,R-4: Page 2, Line (8), Column (b) G-1: Page 3, Line (8), Column (b) NEMA G-2,G-3: Page 4, Line (8), Column (b) SEMA G-2,G-3: Page 5, Line (8), Column (b) WCMA G-2,G-3: Page 6, Line (8), Column (b) Streetlights: Page 3, Line (8), Column (b)	(6)	R-1,R-2,R-4: Page 2, Line (8), Column (f) G-1: Page 3, Line (8), Column (f) NEMA G-2,G-3: Page 4, Line (8), Column (f) SEMA G-2,G-3: Page 5, Line (8), Column (f) WCMA G-2,G-3: Page 6, Line (8), Column (f) Streetlights: Page 3, Line (8), Column (f)
(3)	R-1,R-2,R-4: Page 2, Line (8), Column (c) G-1: Page 3, Line (8), Column (c) NEMA G-2,G-3: Page 4, Line (8), Column (c) SEMA G-2,G-3: Page 5, Line (8), Column (c) WCMA G-2,G-3: Page 6, Line (8), Column (c) Streetlights: Page 3, Line (8), Column (c)	(7)	R-1,R-2,R-4: Page 2, Line (10), Column (g) G-1: Page 3, Line (10), Column (g) NEMA G-2,G-3: Page 4, Line (10), Column (g) SEMA G-2,G-3: Page 5, Line (10), Column (g) WCMA G-2,G-3: Page 6, Line (10), Column (g) Streetlights: Page 3, Line (10), Column (g)
(4)	R-1,R-2,R-4: Page 2, Line (8), Column (d) G-1: Page 3, Line (8), Column (d) NEMA G-2,G-3: Page 4, Line (8), Column (d) SEMA G-2,G-3: Page 5, Line (8), Column (d) WCMA G-2,G-3: Page 6, Line (8), Column (d) Streetlights: Page 3, Line (8), Column (d)		

**Massachusetts Electric Company
Nantucket Electric Company**
Residential Fixed Default Service Charge
(Rates R-1, R-2, R-4 and E)
Based on Weighted Average Effective Default Service Prices
May 2004 - October 2004

Section 1: Percentage of Residential kWhs Attributable to Default Service

(1)	February 2004 Residential Default Service kWhs	231,049,820
(2)	February 2004 Total Residential kWhs	822,960,750
(3)	Percentage of Residential Default Service kWhs to Total Residential kWhs	28.08%

Section 2: Projected Residential Default Service kWhs, May 2004 - October 2004

	2004 May (a)	June (b)	July (c)	August (d)	September (e)	October (f)	Total (g)
(4)	Projected Total Company Residential kWhs	572,153,722	610,558,898	692,925,617	734,856,587	697,218,936	578,722,422 3,886,436,182
(5)	Percentage of Residential Default Service kWhs to Total Residential kWhs	<u>28.08%</u>	<u>28.08%</u>	<u>28.08%</u>	<u>28.08%</u>	<u>28.08%</u>	<u>28.08%</u>
(6)	Projected Residential Default Service kWhs	160,634,653	171,417,074	194,541,889	206,314,192	195,747,257	162,478,844 1,091,133,909

Section 3: Weighted Average Residential Default Service Charge for May 2004 - October 2004

(7)	Projected Residential Default Service kWhs	160,634,653	171,417,074	194,541,889	206,314,192	195,747,257	162,478,844 1,091,133,909
(8)	Total Estimated Residential Default Service Price per kWh	<u>\$0.05465</u>	<u>\$0.05962</u>	<u>\$0.06458</u>	<u>\$0.06504</u>	<u>\$0.05860</u>	<u>\$0.05673</u>
(9)	Projected Residential Default Service Cost, May 2004 - October 2004	\$8,778,684	\$10,219,886	\$12,563,515	\$13,418,675	\$11,470,789	\$9,217,425 <u>\$65,668,974</u>
(10)	Weighted Average Residential Default Service Charge, Fixed Price Option, for May 2004 - October 2004						\$0.06018
(11)	Currently Effective Residential Default Service Charge						\$0.05702
(12)	Proposed Increase to Residential Default Service Charge, Fixed Price Option						\$0.00316

- (1) Per February 2004 DOER Form 110, sum of Mass. Electric and Nantucket Electric (Rates R-1, R-2, R-4 and E)
(2) Per February 2004 DOER Form 110, sum of Mass. Electric and Nantucket Electric (Rates R-1, R-2, R-4 and E)
(3) Line (1) ÷ Line (2)
(4) Per Company forecast for residential rates (Rates R-1, R-2, R-4 and E)
(5) Line (3)
(6) Line (4) x Line (5)
(7) Line (6)
(8) Page 7, Line (11)
(9) Line (7) x Line (8c)
(10) Line (9) total ÷ Line (7) total, truncated after 5 decimal places
(11) Per Company tariff
(12) Line (10) - Line (11)

**Massachusetts Electric Company
Nantucket Electric Company**
Commercial Fixed Default Service Charge
(Rates G-1 and Streetlights)
Based on Weighted Average Effective Default Service Prices
May 2004 - October 2004

Section 1: Percentage of Commercial kWhs Attributable to Default Service

(1)	February 2004 Commercial Default Service kWhs	70,755,238
(2)	February 2004 Total Commercial kWhs	195,060,860
(3)	Percentage of Commercial Default Service kWhs to Total Commercial kWhs	36.27%

Section 2: Projected Commercial Default Service kWhs, May 2004 - October 2004

	2004 <u>May</u> (a)	<u>June</u> (b)	<u>July</u> (c)	<u>August</u> (d)	<u>September</u> (e)	<u>October</u> (f)	<u>Total</u> (g)
(4)	Projected Total Company Commercial kWhs	156,883,143	160,865,600	184,930,413	197,707,467	188,273,546	1,058,881,843
(5)	Percentage of Commercial Default Service kWhs to Total Commercial kWhs	<u>36.27%</u>	<u>36.27%</u>	<u>36.27%</u>	<u>36.27%</u>	<u>36.27%</u>	
(6)	Projected Commercial Default Service kWhs	56,906,876	58,351,449	67,080,579	71,715,253	68,293,247	384,092,620

Section 3: Weighted Average Commercial Default Service Charge for May 2004 - October 2004

(7)	Projected Commercial Default Service kWhs	56,906,876	58,351,449	67,080,579	71,715,253	68,293,247	61,745,217	384,092,620
(8)	Total Estimated Commercial Default Service Price per kWh	<u>\$0.05554</u>	<u>\$0.06227</u>	<u>\$0.06779</u>	<u>\$0.06839</u>	<u>\$0.06006</u>	<u>\$0.05744</u>	
(9)	Projected Commercial Default Service Cost, May 2004 - October 2004	\$3,160,608	\$3,633,545	\$4,547,392	\$4,904,606	\$4,101,692	\$3,546,645	<u>\$23,894,489</u>
(10)	Weighted Average Commercial Default Service Charge, Fixed Price Option, for May 2004 - October 2004							\$0.06221
(11)	Currently Effective Commercial Default Service Charge							\$0.05732
(12)	Proposed Increase to Commercial Default Service Charge, Fixed Price Option							\$0.00489

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- (1) Per February 2004 DOER Form 110, sum of Mass. Electric and Nantucket Electric (Rates G-1 and Streetlights)
(2) Per February 2004 DOER Form 110, sum of Mass. Electric and Nantucket Electric (Rates G-1 and Streetlights)
(3) Line (1) ÷ Line (2)
(4) Per Company forecast
(5) Line (3)
(6) Line (4) x Line (5)
(7) Line (6)
(8) Page 8, Line (11)
(9) Line (7) x Line (8c)
(10) Line (9) total ÷ Line (7) total, truncated after 5 decimal places
(11) Per Company tariff
(12) Line (10) - Line (11)

**Massachusetts Electric Company
Nantucket Electric Company**
NEMA Industrial Fixed Default Service Charge
(Rates G-2 and G-3)
Based on Weighted Average Effective Default Service Prices
May 2004 - July 2004

Section 1: Percentage of Industrial kWhs Attributable to Default Service in NEMA

(1)	February 2004 Industrial Default Service kWhs in the NEMA Zone	25,299,231
(2)	February 2004 Total Industrial kWhs	805,403,104
(3)	Percentage of NEMA Industrial Default Service kWhs to Total Industrial kWhs	3.14%

Section 2: Projected NEMA Industrial Default Service kWhs, May 2004 - July 2004

		2004			
		<u>May</u>	<u>June</u>	<u>July</u>	<u>Total</u>
		(a)	(b)	(c)	(g)
(4)	Projected Total Company Industrial kWhs	894,557,072	932,847,556	986,291,849	2,813,696,477
(5)	Percentage of NEMA Industrial Default Service kWhs to Total Industrial kWhs	<u>3.14%</u>	<u>3.14%</u>	<u>3.14%</u>	
(6)	Projected NEMA Industrial Default Service kWhs	28,099,725	29,302,502	30,981,288	88,383,515

Section 3: Weighted Average NEMA Industrial Default Service Charge for May 2004 - July 2004

(7)	Projected NEMA Industrial Default Service kWhs	28,099,725	29,302,502	30,981,288	88,383,515
(8)	Total Estimated NEMA Industrial Default Service Price per kWh	<u>\$0.06414</u>	<u>\$0.07172</u>	<u>\$0.07813</u>	
(9)	Projected NEMA Industrial Default Service Cost, May 2004 - July 2004	\$1,802,316	\$2,101,575	\$2,420,568	<u>\$6,324,460</u>
(10)	Weighted Average NEMA Industrial Default Service Charge, Fixed Price Option, for May 2004 - July 2004				\$0.07155
(11)	Currently Effective NEMA Industrial Default Service Charge, Fixed Price Option				\$0.07028
(12)	Proposed Increase to NEMA Industrial Default Service Charge, Fixed Price Option				\$0.00127

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- (1) Per Company billing records based upon Load Zone designation for each customer account
(2) February 2004 DOER Form 110, sum of Mass. Electric and Nantucket Electric (Rates G-2 and G-3)
(3) Line (1) ÷ Line (2)
(4) Per Company forecast
(5) Line (3)
(6) Line (4) x Line (5)
(7) Line (6)
(8) Attachment 1, Industrial; Includes price for RPS compliance at 100% of RPS obligation for term of agreement, and estimated LICAP.
(9) Line (7) x Line (8c)
(10) Line (9) total ÷ Line (7) total, truncated after 5 decimal places
(11) Per Company tariff
(12) Line (10) - Line (11)

**Massachusetts Electric Company
Nantucket Electric Company**
SEMA Industrial Fixed Default Service Charge
(Rates G-2 and G-3)
Based on Weighted Average Effective Default Service Prices
May 2004 - July 2004

Section 1: Percentage of Industrial kWhs Attributable to Default Service in SEMA

(1)	February 2004 Industrial Default Service kWhs in the SEMA Zone	32,386,019
(2)	February 2004 Total Industrial kWhs	805,403,104
(3)	Percentage of SEMA Industrial Default Service kWhs to Total Industrial kWhs	4.02%

Section 2: Projected SEMA Industrial Default Service kWhs, May 2004 - July 2004

		2004			
		<u>May</u>	<u>June</u>	<u>July</u>	<u>Total</u>
		(a)	(b)	(c)	(g)
(4)	Projected Total Company Industrial kWhs	894,557,072	932,847,556	986,291,849	2,813,696,477
(5)	Percentage of SEMA Industrial Default Service kWhs to Total Industrial kWhs	<u>4.02%</u>	<u>4.02%</u>	<u>4.02%</u>	
(6)	Projected SEMA Industrial Default Service kWhs	35,970,984	37,510,681	39,659,726	113,141,391

Section 3: Weighted Average SEMA Industrial Default Service Charge for May 2004 - July 2004

(7)	Projected SEMA Industrial Default Service kWhs	35,970,984	37,510,681	39,659,726	113,141,391
(8)	Total Estimated SEMA Industrial Default Service Price per kWh	<u>\$0.05991</u>	<u>\$0.06644</u>	<u>\$0.07117</u>	
(9)	Projected SEMA Industrial Default Service Cost, May 2004 - July 2004	\$2,155,022	\$2,492,210	\$2,822,583	<u>\$7,469,814</u>
(10)	Weighted Average SEMA Industrial Default Service Charge, Fixed Price Option, for May 2004 - July 2004				\$0.06602
(11)	Currently Effective SEMA Industrial Default Service Charge, Fixed Price Option				\$0.06514
(12)	Proposed Increase to SEMA Industrial Default Service Charge, Fixed Price Option				\$0.00088

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- (1) Per Company billing records based upon Load Zone designation for each customer account
(2) February 2004 DOER Form 110, sum of Mass. Electric and Nantucket Electric (Rates G-2 and G-3)
(3) Line (1) ÷ Line (2)
(4) Per Company forecast
(5) Line (3)
(6) Line (4) x Line (5)
(7) Line (6)
(8) Attachment 1, Industrial; Includes price for RPS compliance at 100% of RPS obligation for term of agreement, and estimated LICAP.
(9) Line (7) x Line (8c)
(10) Line (9) total ÷ Line (7) total, truncated after 5 decimal places
(11) Per Company tariff
(12) Line (10) - Line (11)

Massachusetts Electric Company
Nantucket Electric Company
WCMA Industrial Fixed Default Service Charge
(Rates G-2 and G-3)
Based on Weighted Average Effective Default Service Prices
May 2004 - July 2004

Section 1: Percentage of Industrial kWhs Attributable to Default Service in WCMA

(1)	February 2004 Industrial Default Service kWhs in the WCMA Zone	68,871,849
(2)	February 2004 Total Industrial kWhs	805,403,104
(3)	Percentage of WCMA Industrial Default Service kWhs to Total Industrial kWhs	8.55%

Section 2: Projected WCMA Industrial Default Service kWhs, May 2004 - July 2004

		2004			
		<u>May</u>	<u>June</u>	<u>July</u>	<u>Total</u>
		(a)	(b)	(c)	(g)
(4)	Projected Total Company Industrial kWhs	894,557,072	932,847,556	986,291,849	2,813,696,477
(5)	Percentage of WCMA Industrial Default Service kWhs to Total Industrial kWhs	<u>8.55%</u>	<u>8.55%</u>	<u>8.55%</u>	
(6)	Projected WCMA Industrial Default Service kWhs	76,495,607	79,769,914	84,340,056	240,605,577

Section 3: Weighted Average WCMA Industrial Default Service Charge for May 2004 - July 2004

(7)	Projected WCMA Industrial Default Service kWhs	76,495,607	79,769,914	84,340,056	240,605,577
(8)	Total Estimated WCMA Industrial Default Service Price per kWh	<u>\$0.06259</u>	<u>\$0.06922</u>	<u>\$0.07557</u>	
(9)	Projected WCMA Industrial Default Service Cost, May 2004 - July 2004	\$4,787,860	\$5,521,673	\$6,373,578	<u>\$16,683,112</u>
(10)	Weighted Average WCMA Industrial Default Service Charge, Fixed Price Option, for May 2004 - July 2004				\$0.06933
(11)	Currently Effective WCMA Industrial Default Service Charge, Fixed Price Option				\$0.06665
(12)	Proposed Increase to WCMA Industrial Default Service Charge, Fixed Price Option				\$0.00268

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- (1) Per Company billing records based upon Load Zone designation for each customer account
(2) February 2004 DOER Form 110, sum of Mass. Electric and Nantucket Electric (Rates G-2 and G-3)
(3) Line (1) ÷ Line (2)
(4) Per Company forecast
(5) Line (3)
(6) Line (4) x Line (5)
(7) Line (6)
(8) Attachment 1, Industrial; Includes price for RPS compliance at 100% of RPS obligation for term of agreement, and estimated LICAP.
(9) Line (7) x Line (8c)
(10) Line (9) total ÷ Line (7) total, truncated after 5 decimal places
(11) Per Company tariff
(12) Line (10) - Line (11)

Massachusetts Electric Company
Nantucket Electric Company
Calculation of Monthly Weighted Average Default Service Prices
Residential Class
(Rates R-1, R-2, R-4 and E)
May 2004 - October 2004

Section 1: Percentage of Residential kWhs Attributable to Default Service in Each Zone

		<u>kWhs</u>	<u>Percent</u>
(1)	February 2004 Residential Default Service kWhs	231,049,820	
(2)	February 2004 NEMA Residential Default Service kWhs	59,487,398	25.75%
(3)	February 2004 SEMA Residential Default Service kWhs	73,371,376	31.76%
(4)	February 2004 WCMA Residential Default Service kWhs	98,191,046	42.50%

Section 2: Calculation of Monthly Weighted Average Default Service Prices

		2004 <u>May</u> (a)	<u>June</u> (b)	<u>July</u> (c)	<u>August</u> (d)	<u>September</u> (e)	<u>October</u> (f)
(5)	Monthly NEMA Price	\$0.05915	\$0.06352	\$0.06884	\$0.06858	\$0.06280	\$0.05894
(6)	NEMA Percentage	25.75%	25.75%	25.75%	25.75%	25.75%	25.75%
(7)	Monthly SEMA Price	\$0.05378	\$0.05820	\$0.06452	\$0.06491	\$0.05697	\$0.05483
(8)	SEMA Percentage	31.76%	31.76%	31.76%	31.76%	31.76%	31.76%
(9)	Monthly WCMA Price	\$0.05258	\$0.05832	\$0.06205	\$0.06299	\$0.05727	\$0.05680
(10)	WCMA Percentage	42.50%	42.50%	42.50%	42.50%	42.50%	42.50%
(11)	Weighted Average Default Service Price	\$0.05465	\$0.05962	\$0.06458	\$0.06504	\$0.05860	\$0.05673

- (1) Page 2, Line (1)
- (2) Per Company billing records based upon Load Zone designation for each customer account
- (3) Per Company billing records based upon Load Zone designation for each customer account
- (4) Per Company billing records based upon Load Zone designation for each customer account
- (5) Attachment 1, Residential; Includes estimate for RPS based on price for 50% of obligation under agreement for 100% of obligation, plus estimate of LICAP cost.
- (6) Line (2)
- (7) Attachment 1, Residential; Includes estimate for RPS based on price for 50% of obligation under agreement for 100% of obligation, plus estimate of LICAP cost.
- (8) Line (3)
- (9) Attachment 1, Residential; Includes estimate for RPS based on price for 50% of obligation under agreement for 100% of obligation, plus estimate of LICAP cost.
- (10) Line (4)
- (11) Line (5) x Line (6) + Line (7) x Line (8) + Line (9) x Line (10), rounded after 5 decimal places

**Massachusetts Electric Company
Nantucket Electric Company**
Calculation of Monthly Weighted Average Default Service Prices
Commercial Class
(Rates G-1 and Streetlights)
May 2004 - October 2004

Section 1: Percentage of Commercial kWhs Attributable to Default Service in Each Zone

		<u>kWhs</u>	<u>Percent</u>
(1)	February 2004 Commercial Default Service kWhs	70,755,238	
(2)	February 2004 NEMA Commercial Default Service kWhs	18,485,922	26.13%
(3)	February 2004 SEMA Commercial Default Service kWhs	21,729,588	30.71%
(4)	February 2004 WCMA Commercial Default Service kWhs	30,539,728	43.16%

Section 2: Calculation of Monthly Weighted Average Default Service Prices

		<u>2004</u>					
		<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>
		(a)	(b)	(c)	(d)	(e)	(f)
(5)	Monthly NEMA Price	\$0.05966	\$0.06694	\$0.07364	\$0.07411	\$0.06430	\$0.05904
(6)	NEMA Percentage	26.13%	26.13%	26.13%	26.13%	26.13%	26.13%
(7)	Monthly SEMA Price	\$0.05347	\$0.05980	\$0.06465	\$0.06508	\$0.05753	\$0.05590
(8)	SEMA Percentage	30.71%	30.71%	30.71%	30.71%	30.71%	30.71%
(9)	Monthly WCMA Price	\$0.05451	\$0.06120	\$0.06649	\$0.06729	\$0.05929	\$0.05756
(10)	WCMA Percentage	43.16%	43.16%	43.16%	43.16%	43.16%	43.16%
(11)	Weighted Average Default Service Price	\$0.05554	\$0.06227	\$0.06779	\$0.06839	\$0.06006	\$0.05744

- (1) Page 3, Line (1)
(2) Per Company billing records based upon Load Zone designation for each customer account
(3) Per Company billing records based upon Load Zone designation for each customer account
(4) Per Company billing records based upon Load Zone designation for each customer account
(5) Attachment 1, Commercial; Includes estimate for RPS based on price for 50% of obligation under agreement for 100% of obligation, plus estimate of LICAP cost.
(6) Line (2)
(7) Attachment 1, Commercial; Includes estimate for RPS based on price for 50% of obligation under agreement for 100% of obligation, plus estimate of LICAP cost.
(8) Line (3)
(9) Attachment 1, Commercial; Includes estimate for RPS based on price for 50% of obligation under agreement for 100% of obligation, plus estimate of LICAP cost.
(10) Line (4)
(11) Line (5) x Line (6) + Line (7) x Line (8) + Line (9) x Line (10), rounded after 5 decimal places

MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY
Docket D.T.E. 99-60

ATTACHMENT 3

MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY

SUPPLEMENT TO TARIFF FOR DEFAULT SERVICE

FOR THE PERIOD MAY 2004 THROUGH OCTOBER 2004

In accordance with the terms of the Tariff for Default Service, the rates for Default Service for customers receiving such service from the Company, are as follows. All rates will be applied as a uniform ¢ per kWh charge, for usage on and after the first day of each calendar month.

	Rate Tariff					
	R-1, R-2	G-1	G-2, G-3			S-1, S-2
	<u>R-4, E</u>		<u>SEMA</u>	<u>WCMA</u>	<u>NEMA</u>	<u>S-3, S-5, S-20</u>
Fixed Price Option:	6.018¢	6.221¢	6.602¢	6.933¢	7.155¢	6.221¢
Variable Price Option:						
May 2004	5.465¢	5.554¢	5.991¢	6.259¢	6.414¢	5.554¢
June 2004	5.962¢	6.227¢	6.644¢	6.922¢	7.172¢	6.227¢
July 2004	6.458¢	6.779¢	7.117¢	7.557¢	7.813¢	6.779¢
August 2004	6.504¢	6.839¢	n/a	n/a	n/a	6.839¢
September 2004	5.860¢	6.006¢	n/a	n/a	n/a	6.006¢
October 2004	5.673¢	5.744¢	n/a	n/a	n/a	5.744¢

The Fixed Price Option for Residential and Commercial customer groups (R-1, R-2, R-4, E, G-1, S-1, S-2, S-3, S-5, S-20) is effective for the period May 1, 2004 through October 31, 2004. The Fixed Price Option for the Industrial customer group (G-2, G-3) is effective for the period May 1, 2004 through July 31, 2004.

Effective: May 1, 2004